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B104 (FORM 104) (08/07) EDVA

ADVERSARY PROCEEDING COVER SHEET (Instructions on Reverse)		ADVERSARY PROCEEDING NUMBER (Court Use Only)			
PLAINTIFFS	DEFENDANT	rs -			
ATTORNEYS (Firm Name, Address, and Telephone No.)	ATTORNEYS (If Known)				
PARTY (Check One Box Only) □ Debtor □ U.S. Trustee/Bankruptcy Admin □ Creditor □ Other □ Trustee	PARTY (Check Debtor Creditor Trustee	k One Box Only) ☐ U.S. Trustee/Bankruptcy Admin ☐ Other			
CAUSE OF ACTION (WRITE A BRIEF STATEMENT OF CAUSE	OF ACTION, INC	LUDING ALL U.S. STATUTES INVOLVED)			
NATURE OF SUIT (Number up to five (5) boxes starting with lead cause of action as 1, first alternative cause as 2, second alternative cause as 3, etc.)					
FRBP 7001(1) – Recovery of Money/Property 11-Recovery of money/property - §542 turnover of property 12-Recovery of money/property - §547 preference 13-Recovery of money/property - §548 fraudulent transfer 14-Recovery of money/property - other	FRBP 7001(6) – Dischargeability (continued) 61-Dischargeability - \$523(a)(5), domestic support 68-Dischargeability - \$523(a)(6), willful and malicious injury 63-Dischargeability - \$523(a)(8), student loan 64-Dischargeability - \$523(a)(15), divorce or separation obligation (other than domestic support)				
FRBP 7001(2) − Validity, Priority or Extent of Lien 21-Validity, priority or extent of lien or other interest in property FRBP 7001(3) − Approval of Sale of Property	☐ 65-Dischargeability - other FRBP 7001(7) – Injunctive Relief ☐ 71-Injunctive relief – imposition of stay				
☐ 31-Approval of sale of property of estate and of a co-owner - §363(h) FRBP 7001(4) – Objection/Revocation of Discharge 41-Objection / revocation of discharge - §727(c),(d),(e)	72-Injunctive relief – other FRBP 7001(8) Subordination of Claim or Interest 81-Subordination of claim or interest				
FRBP 7001(5) – Revocation of Confirmation ☐ 51-Revocation of confirmation	FRBP 7001(9) Declaratory Judgment 91-Declaratory judgment				
FRBP 7001(6) – Dischargeability ☐ 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims ☐ 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud	FRBP 7001(10) Determination of Removed Action 01-Determination of removed claim or cause Other				
67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny (continued next column)	SS-SIPA Case - 02-Other (e.g. o	- 15 U.S.C. §§78aaa <i>et.seq</i> . other actions that would have been brought in state court to bankruptcy case)			
☐ Check if this case involves a substantive issue of state law		s asserted to be a class action under FRCP 23			
☐ Check if a jury trial is demanded in complaint Other Relief Sought	Demand \$				

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BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES						
NAME OF DEBTOR		BANKRUPTCY CASE NO.				
DISTRICT IN WHICH CASE IS PENDING		DIVISION OFFICE	NAME OF JUDGE			
RELATED ADVERSARY PROCEEDING (IF ANY)						
PLAINTIFF	DEFENDANT		ADVERSARY PROCEEDING NO.			
DISTRICT IN WHICH ADVERSARY IS PENDIN	lG	DIVISION OFFICE	NAME OF JUDGE			
SIGNATURE OF ATTORNEY (OR PLAINTIFF)						
DATE		PRINT NAME OF ATTORNE	Y (OR PLAINTIFF)			

INSTRUCTIONS

The filing of a bankruptcy case creates an "estate" under the jurisdiction of the bankruptcy court which consists of all of the property of the debtor, wherever that property is located. Because the bankruptcy estate is so extensive and the jurisdiction of the court so broad, there may be lawsuits over the property or property rights of the estate. There also may be lawsuits concerning the debtor's discharge. If such a lawsuit is filed in a bankruptcy court, it is called an adversary proceeding.

A party filing an adversary proceeding must also complete and file Form 104, the Adversary Proceeding Cover Sheet, *unless the party files the adversary proceeding electronically through the court's Case Management/Electronic Case Filing system (CM/ECF). (CM/ECF captures the information on Form 104 as part of the filing process.) When completed, the cover sheet summarizes basic information on the adversary proceeding. The clerk of court needs the information to process the adversary proceeding and prepare required statistical reports on court activity.

The cover sheet and the information contained on it do not replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. The cover sheet, which is largely self-explanatory, must be completed by the plaintiff's attorney (or by the plaintiff if the plaintiff is not represented by an attorney). A separate cover sheet must be submitted to the clerk for each complaint filed.

Plaintiffs and **Defendants.** Give the names of the plaintiffs and defendants exactly as they appear on the complaint.

Attorneys. Give the names and addresses of the attorneys, if known.

Party. Check the most appropriate box in the first column for the plaintiffs and the second column for the defendants.

Demand. Enter the dollar amount being demanded in the complaint.

Signature. This cover sheet must be signed by the attorney of record in the box on the second page of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is pro se, that is, not represented by an attorney, the plaintiff must sign.

*Per LBR 7003-1, in the EDVA, a properly completed Adversary Proceeding Cover Sheet is required.

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IN THE UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF VIRGINIA RICHMOND DIVISION

In re:) Case No. 08-35653 (KRH)
CIRCUIT CITY STORES, INC., et al.,	Chapter 11
Debtors.)) (Jointly Administered)
ALFRED H. SIEGEL, AS TRUSTEE OF THE CIRCUIT CITY STORES, INC. LIQUIDATING TRUST,)))) Adv. Pro. No. 10)
Plaintiff,)
v.))
PG PUBLISHING CO., INC. d/b/a PITTSBURGH POST GAZETTE AND LONGACRE OPPORTUNITY FUND, L.P.,)))
Defendant.	

THE LIQUIDATING TRUSTEE'S COMPLAINT TO AVOID AND RECOVER PREFERENTIAL TRANSFERS AND OBJECTION TO CLAIM NO. 1263

Alfred H. Siegel, the duly appointed trustee of the Circuit City Stores, Inc.

Liquidating Trust (the "Trustee"), pursuant to the Second Amended Joint Plan of Liquidation of Circuit City Stores, Inc. and its Affiliated Debtors and Debtors in Possession and its Official Committee of Creditors Holding General Unsecured Claims (the "Plan"), for his complaint and for his objection to proof of claim number 1263 (the "Complaint") against PG Publishing Co., Inc. d/b/a Pittsburgh Post Gazette ("Pittsburgh Post") and Longacre Opportunity Fund, L.P. ("Longacre"), alleges as follows:

NATURE OF THE ACTION

1. The Trustee brings this action against Pittsburgh Post to avoid and recover certain preferential transfers that occurred during the 90-day period prior to the commencement of Circuit City's bankruptcy proceedings. In addition, the Trustee objects to Pittsburgh Post's proof of claim filed against the Debtors' estates and transferred to Longacre.

THE PARTIES

- 2. The Trustee ("Trustee" or "Plaintiff") is the duly appointed trustee of the Circuit City Stores, Inc. Liquidating Trust (the "Trust"). Pursuant to Articles II and III of the Trust, the Trustee has the sole authority to pursue claims transferred to the Trust by the Debtors through the Plan, and to litigate objections to claims asserted against the Debtors' estates.
- 3. Prior to the Effective Date of the Plan, Circuit City Stores, Inc. and its affiliated debtors in possession (collectively "Circuit City" or the "Debtors")¹ were corporations

(cont'd)

¹ The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Circuit City Stores, Inc. (3875), Circuit City Stores West Coast, Inc. (0785), InterTAN, Inc. (0875), Ventoux International, Inc. (1838), Circuit City Purchasing Company, LLC (5170), CC Aviation, LLC (0841), CC Distribution Company of Virginia, Inc. (2821), Circuit City Properties, LLC (3353), Kinzer Technology, LLC (2157), Abbott Advertising Agency, Inc. (4659), Patapsco Designs, Inc. (6796), Sky Venture Corp. (0311), PRAHS, Inc. (n/a), XSStuff, LLC (9263), Mayland MN, LLC (6116), Courchevel, LLC (n/a), Orbyx Electronics, LLC (3360), and Circuit City Stores PR, LLC (5512). The address for Circuit City Stores West Coast, Inc. is 9250 Sheridan Boulevard,

that maintained their respective principal places of business in the locations set forth below, and were the debtors in the above-captioned chapter 11 bankruptcy cases.

- 4. Upon information and belief, defendant Pittsburgh Post is a corporation organized under the laws of the State of Pennsylvania with its principal place of business in Pittsburgh, Pennsylvania.
- 5. Upon information and belief, defendant Longacre is a limited liability partnership organized under the laws of the State of Delaware with its principal place of business in New York, New York.

JURISDICTION AND VENUE

- 6. This Court has jurisdiction to consider this matter under 28 U.S.C. §§ 157 and 1334.
 - 7. This is a core proceeding under 28 U.S.C. § 157(b).
- 8. Venue of these chapter 11 cases and this adversary proceeding in this district and before this Court is proper under 28 U.S.C. §§ 1408 and 1409.
- 9. The statutory and legal predicates for the relief requested by the Complaint are sections 105, 502, 503, 541, 542, 547, 550, and 558 of title 11, United States Code (the "Bankruptcy Code"), Bankruptcy Rules 3007 and 7001, and Local Bankruptcy Rule 3007-1.

PERTINENT FACTS

A. General Case Background

10. On November 10, 2008 (the "Petition Date"), the Debtors filed voluntary petitions in this Court for relief under chapter 11 of the Bankruptcy Code, and until the effective

⁽cont'd from previous page)

Westminster, Colorado 80031. For all other Debtors, the address was 9950 Mayland Drive, Richmond, Virginia 23233 and currently is 4951 Lake Brook Drive, Glen Allen, VA 23060.

date of the Plan, continued to operate as debtors in possession pursuant to Bankruptcy Code sections 1107 and 1108.

- 11. On November 12, 2008, the Office of the United States Trustee for the Eastern District of Virginia appointed a statutory committee of unsecured creditors (the "Creditors' Committee").
- 12. On January 16, 2009, the Court authorized the Debtors to, among other things, conduct going out of business sales at all of the Debtors' retail locations (the "Stores") pursuant to an agency agreement (the "Agency Agreement") between the Debtors and a joint venture, as agent (the "Agent"). On January 17, 2009, the Agent commenced going out of business sales at the Stores pursuant to the Agency Agreement. As of March 8, 2009, the going out of business sales at the Debtors' stores were completed.
- 13. On August 9, 2010, the Debtors and the Creditors' Committee filed the Plan, which provides for the liquidation of the Debtors' assets and distribution of the proceeds thereof under chapter 11 of the Bankruptcy Code.
- On September 10, 2010, the United States Bankruptcy Court, EasternDistrict of Virginia, signed an Order confirming the Plan.
 - 15. The Plan became effective on November 1, 2010 (the "Effective Date").

B. The Business Relationship Between Circuit City And Defendant

16. Prior to the commencement of these bankruptcy cases, the Debtors were a leading specialty retailer of consumer electronics and operated large nationwide electronics stores that sold, among other things, televisions, home theatre systems, computers, camcorders, furniture, software, imaging and telecommunications products, and other audio and video electronics.

- 17. During the course of the parties' relationship, the Debtors and Pittsburgh Post engaged in numerous transactions, that are reflected in invoices, communications and other documents (collectively, the "Defendant's Agreements").
- 18. Pittsburgh Post provided advertising to the Debtors pursuant to the Defendant's Agreements.
- 19. Circuit City and Pittsburgh Post conducted business with one another up to and through the Petition Date, under the Defendant's Agreements.
- 20. During the ordinary course of the Debtors' business, the Debtors maintained books and records of their transactions with Pittsburgh Post (the "Books and Records").

C. <u>Amounts Allegedly Owed To Defendant And</u> <u>Defendant's Proofs Of Claim</u>

(1) Claim No. 1263

- 21. On or about December 18, 2008, Pittsburgh Post filed a claim in the amount of \$29,375.16 as a claim allegedly entitled to administrative priority under Bankruptcy Code section 503(b)(9). The Claims Agent appointed by the Court designated this claim as claim no. 1263 ("Claim No. 1263").
- 22. In Claim No. 1263, Pittsburgh Post alleges that the claim was based on the sales of certain goods by Pittsburgh Post to Circuit City during the twenty-day period prior to the Petition Date.
- 23. Pursuant to the Court's order on Debtors' Fifth Omnibus Objections (Docket No. 4008), Claim No. 1263 has been reclassified as a general unsecured non-priority claim.

Pursuant to Notice of Transfer of Claim, dated September 1, 2010 (DocketNo. 8525), Claim No. 1263 has been transferred to Longacre.

D. <u>Transfers To Defendant Made Within 90 Days Prior To The Petition Date</u>

- 25. During the 90-day period prior to the commencement of Circuit City's bankruptcy cases (the "Preference Period"), Circuit City transferred property to or for the benefit of Pittsburgh Post in an amount not less than \$214,283.04. A list identifying each and every transfer during the Preference Period is attached hereto as <u>Exhibit A</u> and incorporated herein by reference (collectively, the "Preferential Transfers").
- 26. Plaintiff acknowledges that some of the Preferential Transfers might be subject to defenses under Bankruptcy Code section 547(c), for which the Pittsburgh Post bears the burden of proof under Section 547(g). Plaintiff will work with Pittsburgh Post to exchange applicable information in an effort to resolve any and all factual issues with respect to potential defenses.

COUNT I

AVOIDANCE OF PREFERENTIAL TRANSFERS PURSUANT TO 11 U.S.C. § 547(b) (Against Pittsburgh Post)

- 27. The Trustee repeats and realleges each of the allegations set forth above as if fully set forth herein.
- 28. During the Preference Period, Pittsburgh Post was a creditor of one or more of the Debtors.
- 29. Each Preferential Transfer identified on Exhibit A hereto was made to or for the benefit of Pittsburgh Post.

- 30. Each Preferential Transfer was made for or on account of an antecedent debt or debts owed by one or more of the Debtors before such Preferential Transfers were made.
 - 31. Each Preferential Transfer was made during the Preference Period.
 - 32. Each Preferential Transfer was made while the Debtors were insolvent.
- 33. Each Preferential Transfer enabled Pittsburgh Post to receive more than Pittsburgh Post would have received if (i) the Debtors' chapter 11 cases were instead cases under chapter 7 of the Bankruptcy Code; (ii) the transfers and/or payments had not been made; and (iii) Pittsburgh Post received payment on account of the debt paid by the Preferential Transfers to the extent provided by the Bankruptcy Code.
- 34. Each Preferential Transfer constitutes an avoidable preference pursuant to Bankruptcy Code section 547(b).

COUNT II

RECOVERY OF PREFERENTIAL TRANSFERS PURSUANT TO 11 U.S.C. § 550 (Against Pittsburgh Post)

- 35. The Trustee repeats and realleges each of the allegations set forth above as if fully set forth herein.
- 36. Pittsburgh Post was either (i) the initial transferee of the Preferential Transfers, (ii) the entity for whose benefit the Preferential Transfers were made, or (iii) an immediate or mediate transferee of the Preferential Transfers.
- 37. Each Preferential Transfer that is avoided under Section 547(b) is recoverable pursuant to Bankruptcy Code section 550.
- 38. Subject to potential defenses, the Trustee is entitled to recover the value of the Preferential Transfers pursuant to Bankruptcy Code section 550(a).

COUNT III

OBJECTION TO CLAIM NO. 1263 – DISALLOWANCE UNDER SECTION 502(d) (Against Longacre)

- 39. The Trustee repeats and realleges each of the allegations set forth above as if fully set forth herein.
- 40. Claim No. 1263 assert a right to payment allegedly owed by one or more of the Debtors.
- 41. As alleged above, each Preferential Transfer constitutes an avoidable preference pursuant to Bankruptcy Code section 547(b), which is recoverable pursuant to Bankruptcy Code section 550.
- 42. Accordingly, pursuant to Bankruptcy Code section 502(d), Claim No.

 1263 must be disallowed unless and until Pittsburgh Post pays to the Trustee an amount equal to each Preferential Transfer that is avoided.

PRAYER FOR RELIEF

WHEREFORE, the Trustee respectfully requests and prays that the Court:

- i. Pursuant to Counts I and II, enter judgment against Pittsburgh Post under 11 U.S.C. §§ 547 and 550 and allow the Trustee to avoid and recover the Preferential Transfers in an amount not less than \$214,283.04; and
- ii. Pursuant to Count VII, disallow Claim No. 1263 in accordance with Bankruptcy Code section 502(d) pending payment by Pittsburgh Post to the Trustee of any avoidable and recoverable transfers; and
- iii. Award the Trustee prejudgment interest at the legally allowed applicable rate; and
 - iv. Award the Trustee costs, and expenses of suit herein; and
- v. Grant the Trustee such other and further relief the Court deems just and appropriate.

Dated: Richmond, Virginia November 9, 2010 TAVENNER & BERAN, PLC

Lynn L. Tavenner, Esq.

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Counsel to the Liquidating Trustee

EXHIBIT A

(Preferential Transfers)

	Check Clear			
Vendor Name	Date	Check Number	Paid Amount	
PITTSBURGH POST				
GAZETTE	8/26/2008	0004549453	\$	64,190.60
PITTSBURGH POST				
GAZETTE	9/24/2008	0004560150	\$	89,179.24
PITTSBURGH POST				
GAZETTE	10/23/2008	0004569198	\$	60,913.20

Total Check Amount \$ 214,283.04